

Introduced by Senator Aanestad

February 23, 2007

An act to add Section 14075.5 to the Corporations Code, and to add and repeal Section 6368.2 of the Revenue and Taxation Code, relating to salmon fishing, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1018, as introduced, Aanestad. Salmon fishing: economic aid.

(1) The California Small Business Financial Development Corporation Law establishes within the Business, Transportation and Housing Agency the California Small Business Loan Guarantee Program, whereby financial development corporations, as provided, loan money to, or guarantee loans for, small businesses.

Existing law specifically authorizes a financial development corporation, in an area declared to be in a state of emergency by the Governor, to provide specified loan guarantees to small businesses, small farms, nurseries, and agriculture-related enterprises that have suffered actual physical damage or significant economic injury as a result of the disaster. Existing law establishes the California Small Business Expansion Fund and continuously appropriates the moneys in the fund for prescribed loans, loan guarantees, and related purposes.

The bill would authorize a financial development corporation, in an area declared to be in a state of emergency by the Governor, to provide loan guarantees to businesses directly related to the salmon fishing industry that have experienced economic losses as a result of the 2006 National Marine Fisheries Service restrictions on, and closures of, state salmon fisheries, thereby making an appropriation by expanding the

purposes for which the expansion fund, a continuously appropriated fund, may be used.

(2) The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property, and provides various exemptions from the taxes imposed by that law.

This bill would, from January 1, 2005, to January 1, 2008, inclusive, exempt from the tax imposed under that law the gross receipts derived from the sale in this state of, and the storage, use, or other consumption in this state of, watercraft and related components, as specified.

(3) Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from state sales and use taxes enacted by the Legislature are automatically incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 14075.5 is added to the Corporations
- 2 Code, to read:
- 3 14075.5. (a) A corporation, in an area declared to be in a state
- 4 of emergency by the Governor, may provide loan guarantees to
- 5 businesses directly related to the salmon fishing industry that have
- 6 experienced economic losses as a result of the 2006 National
- 7 Marine Fisheries Service restrictions on, and closures of, salmon
- 8 fisheries in this state.
- 9 (b) The agency may adopt regulations to implement the loan
- 10 guarantee program authorized by this section. The agency, in the
- 11 administration of this section, is exempt from the rulemaking
- 12 provisions of the Administrative Procedure Act (Chapter 3.5

(commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 2. Section 6368.2 is added to the Revenue and Taxation Code, to read:

6368.2. (a) Except as otherwise provided in Section 6368, for the period on or after January 1, 2005, and before January 1, 2008, there are exempted from the taxes imposed by this part the gross receipts from the sale of and the storage, use, or other consumption in this state of watercraft and any tangible personal property becoming a component part of that watercraft in the course of constructing, repairing, cleaning, altering, or improving that watercraft, and charges made for labor and services rendered in respect to that constructing, repairing, cleaning, altering, or improving, if all of the following conditions are met:

(1) The watercraft is for use in commercial ocean fishing operations by persons who are regularly engaged in commercial ocean fishing.

(2) The purchaser of the watercraft has a valid commercial salmon vessel permit for the use of that watercraft issued by the Department of Fish and Game pursuant to Article 4.5 (commencing with Section 8230) of Chapter 2 of Part 3 of Division 6 of the Fish and Game Code.

(b) For purposes of this section, it shall be rebuttably presumed that a person is not regularly engaged in the business of commercial ocean fishing if the person has gross receipts from commercial fishing operations of less than twenty thousand dollars (\$20,000) a year.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed. For any watercraft for use in commercial ocean fishing that is purchased on or after January 1, 2005, and before January 1, 2008, this section shall apply regardless of whether the end of the year described in subdivision (b) that immediately follows the first operational use of the watercraft occurs after the repeal date of this section. For any watercraft that is purchased before January 1, 2005, this section shall not apply, regardless of whether the first operational use of the watercraft occurs after the operative date of this section.

(d) The Legislature finds and declares that this section serves a public purpose of the state by mitigating the economic losses of the commercial salmon fishing industry.

1 SEC. 3. Notwithstanding Section 2230 of the Revenue and
2 Taxation Code, no appropriation is made by this act and the state
3 shall not reimburse any local agency for any sales and use tax
4 revenues lost by it under this act.

5 SEC. 4. This act is an urgency statute necessary for the
6 immediate preservation of the public peace, health, or safety within
7 the meaning of Article IV of the Constitution and shall go into
8 immediate effect. The facts constituting the necessity are:

9 In order to mitigate the severe economic losses resulting from
10 the 2006 National Marine Fisheries Service restrictions on, and
11 closures of, salmon fisheries in the state, it is necessary for this
12 measure to take effect immediately.